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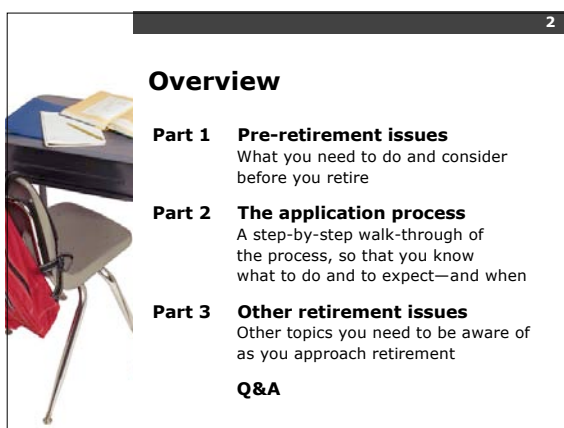
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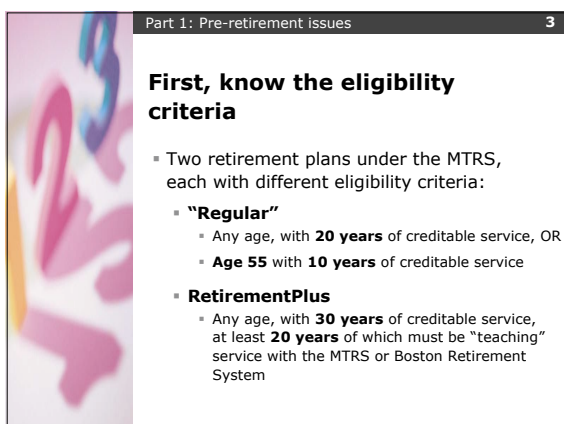
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## MTRS Ready for Retirement

### MTRS Education and Member Relations unit



Part 1: Pre-retirement issues
4

### Second, understand the benefit calculation formula

**Age factor**

- x **Your creditable service**
  - Percentage of salary average
- + **RetirementPlus** percentage, if applicable
  - Percentage of your salary average (80% max)
- x **Salary average** (highest three consecutive years)
  - Your Option A annual benefit
- + **Veteran's bonus**, if applicable (\$15 per year of creditable service, up to \$300)

**Your Total Option A annual allowance**

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Part 1: Pre-retirement issues
5

### Third, consider the three benefit options

Option	Retiree benefit amount	Survivor benefit, if any, upon retiree's death
<b>A</b>	Maximum allowance	None
<b>B</b>	Appr. 1% less than Option A amount	One-time lump-sum payment of balance, if any, remaining in retiree's account; no restrictions on beneficiary designation
<b>C</b>	Appr. 9–11% less than Option A amount	Monthly benefit, equal to 2/3 of retiree's benefit, to one named beneficiary (restrictions apply); pop-up provision

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Part 1: Pre-retirement issues
6

### Fourth, complete your service purchases NOW

- If you have rendered past creditable service that is eligible for purchase (see handout for list), investigate the benefit and cost of purchasing it **NOW**, if you haven't already
- **All service purchases must be paid in full prior to your date of retirement**—remember:
  - Certain types of creditable service must be purchased while you are still an active member
  - Rollovers and trust-to-trust transfers take time—start now
  - Late payments will postpone your date of retirement and delay your first retirement check

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# MTRS Ready for Retirement

## MTRS Education and Member Relations unit



Part 1: Pre-retirement issues

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### Fifth, plan for your health insurance coverage

Avoid surprises—  
a year **BEFORE** your date of retirement...

- Contact your local insurance administrator
- If you are retiring from a participating district, contact the Group Insurance Commission ([mass.gov/gic](http://mass.gov/gic))
- Find out if Medicare eligibility will impact your future insurance benefits; understand your options
- Understand survivor health insurance benefits—do they exist?
- Make arrangements to pay premiums directly, if necessary, until your retirement payments begin

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Part 2: The application process

*"I appreciated hearing  
when the first check will be sent."*

—2006 Holyoke program attendee

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Part 2: The application process

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### Five basic steps...

What you need to do...	When, relative to retirement date...
1. <b>Go online</b> to the MTRS website and <b>estimate</b> your benefit, <b>review</b> general issues and <b>download</b> the two-part Retirement Application	6 months before
2. <b>Complete</b> Part 1, gather your required documents, and <b>give</b> Part 2 to your payroll official for completion	5 months before
3. <b>Receive</b> Part 2 from your payroll official and <b>submit</b> your application to MTRS	3–4 months before
4. <b>Receive</b> your <i>Notice of Estimated Retirement Benefits</i> from MTRS	1 month before
5. <b>Receive</b> your first retirement check!	Second full month after

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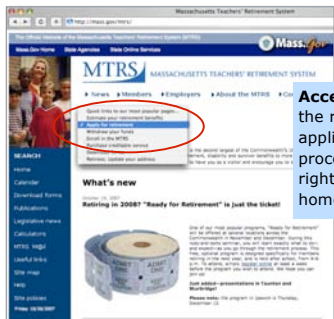
# MTRS Ready for Retirement

## MTRS Education and Member Relations unit

Part 2: The application process

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### Step 1: Go online and...

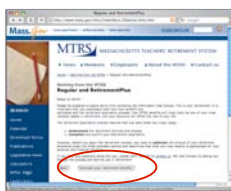


Access the retirement application process right from our homepage

Part 2: The application process

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...Estimate your retirement benefit using the interactive estimator



Click "Estimate your retirement benefits" to go to the four-page estimator...



Part 2: The application process

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...Review the common Q&A—it's likely that you'll see your questions asked and answered here

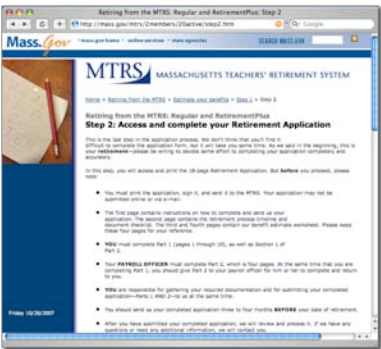


# MTRS Ready for Retirement

## MTRS Education and Member Relations unit

Part 2: The application process13

...Download the Retirement Application




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Part 2: The application process14

Step 2:  
Complete the **application**



- 18 pages; interactive pdf format
- Complete onscreen in part or full, or print and complete by hand

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Part 2: The application process15

Step 3:  
Submit the application



- **Receive** completed Part 2 from payroll official
- **Attach ALL** required documents
- **Make** a copy of everything for your records
- **Submit BOTH** Part 1 and Part 2 together to the MTRS (eastern MA, Cambridge office; western MA, Springfield office)
- MTRS will review your application and send you a letter to acknowledge it as received, and either complete or incomplete, with a request for the missing documentation

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Part 2: The application process
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### Step 4: Receive your *Notice of Estimated Benefits*

- Applications processed on a "first-come, first-served" basis
- We may need to contact your school department for additional information; we will notify you if this causes a delay
- Please note: Calculations may take up to four months to complete
- Once your benefit calculation is complete, your *Notice of Estimated Retirement Benefits* letter will be sent to you

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Part 2: The application process
17

### Step 5: Receive your first retirement payment!

- Regardless of when your first payment is issued, all payments are **retroactive** to your date of retirement  
(provided you have filed your application *before* your date of retirement or *within 60 days after* your date of separation from service)
- If you sign up to receive your benefit payments via direct deposit, your first payment **may** be sent via US mail  
(only when standard testing of the electronic funds transfer process with your bank cannot be completed before our monthly payment processing date)

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Part 3: Other retirement issues

*"The most valuable part of this program for me was the information on working after retirement."*

—2006 program attendee

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## MTRS Ready for Retirement

### MTRS Education and Member Relations unit

Part 3: Other retirement issues 19



### Direct deposit

(also known as Electronic Funds Transfer)

- Direct deposit of your retirement allowance is the recommended method of payment; now, over 85% participation
- Your monthly retirement allowance is transferred to your bank account on the last business day of each month
- You receive a monthly statement: when there is a change to your retirement allowance; when the MTRS needs to notify all retirees of an announcement; and, every December (year-end summary)

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Part 3: Other retirement issues 20



### Tax issues

- Your retirement allowance is **not** subject to Massachusetts state income tax
- Your retirement allowance is federally taxable
- Many of you will have slightly reduced "taxable" earnings each year because of "post-tax" dollars in your annuity savings account at the time of your retirement
- If you intend to move out of state, check with the Department of Revenue in that state to determine if your retirement allowance is subject to state income tax

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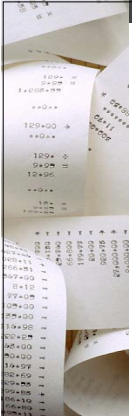
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Part 3: Other retirement issues 21



### Tax issues

- By January 31st of each year, we will mail you a **1099-R** tax form (the retiree version of your W-2 form)
- Gross earnings and taxable earnings will be detailed on the 1099-R
- You are also required to provide proof that you remain eligible (i.e., alive) to receive your retirement allowance
- The **Benefit Verification Form** is an annual process to prevent pension fraud and to ensure your benefits are being paid to the rightful and living recipient; your notarized signature is required

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Part 3: Other retirement issues
22

### Post-retirement employment

There are **no limits** on the following:

- Employment in the private sector
- Employment in another state—public or private
- Employment within the federal government
- Volunteering

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Part 3: Other retirement issues
23

### Post-retirement employment

General earnings and service limitations on re-employment in the **Massachusetts public sector**

- 60 day period of separation from service required; waived if retiring at age 65 or at 80% maximum benefit
- Cannot exceed **960 hours** in a calendar year
- Post-retirement earnings **cannot exceed** the difference between the current salary of the position from which you retired, and the amount of your annual pension

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Part 3: Other retirement issues
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### Post-retirement employment

**Example:** Calendar year 2008

2008 salary for your pre-retirement position	\$55,000
– Annual gross retirement allowance	\$40,000
2008 earning limit	\$15,000

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Part 3: Other retirement issues
25

### Post-retirement employment

Different rules in the event of a DOE-approved "critical shortage":

- RetirementPlus retirees must wait two years to be eligible
- School district must contact the DOE to obtain a one-year "waiver" for a specific position
- If above are met, the retiree may work without earnings limitation for the duration of the critical shortage "waiver"

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Part 3: Other retirement issues
26

### Post-retirement employment

Additional precautions:

- Service rendered as a "consultant" to a MA public school or agency **is** subject to the service and earnings restrictions
- You may elect to waive or "freeze" your benefit if you are approaching your earnings or service limits
- If you exceed the allowable limits, the MTRS or your employer must recover all excess earnings from you

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Part 3: Other retirement issues
27

### Social Security

Two "double dipping" laws:

- Windfall Elimination Provision (WEP)**
  - Exempt from WEP if you were eligible to retire from the MTRS prior to 1/1/86
- Government Pension Offset (GPO)**
  - Exempt from GPO if you were eligible to retire prior to 12/1/82
- For more info, please see our handout, *Social Security for the Massachusetts Educator*

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## MTRS Ready for Retirement

MTRS Education and Member Relations unit



Part 3: Other retirement issues 28

### Social Security

- Even if you are subject to the WEP or GPO, you may still qualify for Medicare either on your own or through your spouse
- For more information, please visit [www.medicare.gov](http://www.medicare.gov)

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Part 3: Other retirement issues 29

### Cost-of-Living Adjustments

- **Eligibility:** MA public retirees are eligible for COLAs after one full fiscal year of retirement
- **Granted by Legislature:** As part of the annual budget process, a COLA is subject to approval by vote of the MA Legislature
- **Amount:** Currently, 3% or the CPI, whichever is less, on the first \$12,000 of your retirement allowance, for a maximum increase of \$360 per year

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Thank you for attending today—  
we hope you're now

### Ready for Retirement!

For more information...

- [www.mass.gov/mtrs](http://www.mass.gov/mtrs)
- Cambridge: 617-679-6877
- Springfield: 413-784-1711

### Q&A

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